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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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**IN THE MATTER OF THE COMPLAINT
OF ESCHELON TELECOM OF
ARIZONA, INC. AGAINST QWEST
CORPORATION**

DOCKET NO. T-03406A-06-0257
DOCKET NO. T-01051B-06-0257

**NOTICE OF WITHDRAWAL FROM
SETTLEMENT AGREEMENT**

Qwest Corporation ("Qwest") hereby provides notice to the Arizona Corporation Commission ("Commission") that it is withdrawing from its conditional settlement agreement with Eschelon Telecom of Arizona, Inc. ("Eschelon"). Qwest conditioned its agreement to settle this Eschelon specific complaint proceeding upon a review of comments from Staff to the Arizona Corporation Commission. Qwest initially agreed to settle the case with Eschelon because the cost of trying the case was more than Qwest anticipated it would recover from Eschelon should it succeed at hearing. Staff's comments dramatically changes the cost-benefit analysis of the settlement. Moreover, Qwest finds the Staff's recommendations for additional conditions to the settlement to be without support in the law or the facts; thus, Qwest withdraws from the settlement agreement.

Section B to the conditional settlement agreement is titled "Conditions to Settlement." Section B.2.2 states, *inter alia*, that "If the Staff files comments that recommend additional conditions, Qwest . . . may opt out of the Settlement Agreement. . . ." Given that the Staff filed comments recommending additional conditions, Qwest is exercising its right to opt out of the settlement in its entirety.

1 RESPECTFULLY SUBMITTED this 16th day of March, 2007.

2
3 QWEST CORPORATION

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6 By: 

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1 Copy of the foregoing mailed/delivered
2 this 16th day of March, 2007 to:

3 The Honorable Lyn Farmer
4 Chief Administrative Law Judge
5 Hearing Division
6 Arizona Corporation Commission
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8 Phoenix, Arizona 85007

9 Christopher C. Kempley, Esq.
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11 Arizona Corporation Commission
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